

## Editorial

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We start this issue of FMPM with an article by Alexander G. Kerl and Andreas Walter on the effect of recommendations and comments by analysts on the stock price of the firms. They investigate a randomly drawn sample of 1,000 reports in the German market. They do not only look at the effect of recommendations, but find that the comments and explanations in analysts' reports contain additional information beyond the information inherent in the final recommendations.

In the second article, Wolfgang Bessler and Claudia Bittelmeyer study the relationship between innovation and valuation and performance using patent filings of German firms. They relate them to the IPO underpricing as well as to their long-run performance of the firms. In addition to accounting for the number of patents, they also investigate the effect of patent quality and find evidence for an innovation effect on pricing and performance.

In the third article, Nils Bedke, Oliver Hein, and Markus Spiwoks study forecasts of T-Bill and T-Bond yields provided to the Consensus Forecasts Magazine by 34 institutions. The authors analyze the predictive power of the forecasts using a total of almost 14,000 data points and find that the forecasts contain, on average, very little information. In fact, the large majority of the forecasts are less successful than naïve forecasts based on a simple time series model.

This issue's Perspectives article is authored by Jeff Madura and Thanh Ngo and analyzes the short interest of exchange-traded funds. Given that ETFs attract a large short interest, they investigate the predictive power of the level of short interest with respect to market sentiment.

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The two book reviews in this issue cover two books on investment topics of current interest: hedge fund and commodity investing. In the first book review, Marcel Möllenbeck discusses the book “Hedge Funds—An Analytical Perspective” by Andrew W. Lo. In the second book review, David Oesch discusses “The Handbook of Commodity Investing,” edited by Frank J. Fabozzi, Roland Füss, and Dieter G. Kaiser.

Finally, I would also like to point your attention to a call for papers included in this issue for a *Special Issue on Monetary Policy and Financial Markets*. The special issue is edited by Paul Söderlind from the University of St. Gallen and Angelo Rinaldo from Swiss National Bank. We welcome your article submissions by February 1, 2009.